



State of New Jersey

OFFICE OF THE STATE TREASURER

PO Box 002

TRENTON, NJ 08625-0002

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

ELIZABETH MAHER MUOIO
State Treasurer

October 28, 2019

Policy Statement:

Collateralization Requirements for State Held Deposits

State policy for collateralizing State accounts in order to comply with New Jersey Statute 52:18-16.1 for accounts directly under the control of the State Treasurer is as follows:

If the average aggregate daily balance of all State of New Jersey accounts held within any one financial institution is less than \$15,000,000, the amount of collateral required will be 100% coverage of the average aggregate daily balance of the preceding month. Collateral to be pledged will be securities and/or obligations as enumerated in paragraphs I and II.

If the average aggregate daily balance of all State of New Jersey accounts held within any one financial institution is greater than or equal to \$15,000,000, the amount of collateral required will be 120% coverage of the average aggregate daily balance during each calendar quarter. (In other words, the amount of collateral required for April, May and June will be based on the average aggregate daily balances of January, February and March.) Collateral to be pledged will be securities and/or obligations as enumerated in paragraphs I through V.

Qualified Securities and/or Obligations

The State relies on each bank to select, within the framework of the general outline of acceptable collateral, securities with sufficient value to cover the average aggregate daily balance. Collateral requirements are net of the amounts covered by the Federal Deposit Insurance Corporation or any other federal agency which insures deposits made in state or national banks or savings and loan associations.

The following securities and/or obligations will be acceptable as collateral for securing balances of all accounts directly under the control of the State Treasurer:

I. Direct Obligations of/or guaranteed by the United States including:

U.S. Treasury Bills, Bonds, and Notes
Federal Home Loan Banks
Federal Home Loan Mortgage Corporation
Federal National Mortgage Association
Government National Mortgage Association
Resolution Funding Corporation

- II. Direct Obligations of/or guaranteed by the State of New Jersey
- III. General Obligation Bonds issued by:
 - New Jersey School Districts
 - New Jersey Counties
 - New Jersey Municipalities
- IV. Direct General Obligation Bonds and Notes issued by the following New Jersey Authorities or Universities:
 - Garden State Preservation Trust
 - New Jersey Building Authority
 - New Jersey Sports and Exposition Authority
 - New Jersey Transit Corporation
 - New Jersey Transportation Trust Authority
 - Rutgers, The State University of New Jersey
- V. Direct General Obligation Bonds and Notes issued by the New Jersey Educational Facilities Authority for the following Universities and Colleges:
 - The College of New Jersey
 - Kean University
 - Montclair State University
 - New Jersey City University
 - New Jersey Institute of Technology
 - William Patterson University of New Jersey
 - Ramapo College of New Jersey
 - Rowan University
 - Stockton University

Securities and/or obligations used for collateral are to be valued at the lower of cost or market value. A certification from the custodian bank must be sent to the Office of Management and Budget, P.O. Box 221, Trenton, New Jersey 08625, at a minimum of every three months for all collateral held.

No bank shall be permitted to hold securities, of the kind hereinbefore described, as security for public moneys on deposit in the same bank.

For the accounts under the control of the State Treasurer, approval by the Treasurer or the Treasurer's designee is required prior to any release or change of any collateral pledged, except for "like kind" exchanges.

If you have any questions concerning the above, please contact Leslie A. Notor, Assistant Director at 609-292-5040.


Elizabeth Maher Muoio
State Treasurer